

SENATE BILL REPORT

SB 6313

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, February 4, 2014

Title: An act relating to a surcharge for local homeless housing and assistance.

Brief Description: Concerning a surcharge for local homeless housing and assistance.

Sponsors: Senators Darneille, Kohl-Welles, Hobbs, Chase, Conway, Hasegawa, Frockt, McCoy, McAuliffe, Rolfes and Nelson; by request of Washington State Department of Commerce.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 1/30/14, 2/04/14 [DPS-WM, w/oRec].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: That Substitute Senate Bill No. 6313 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Angel, Co-Chair; Hobbs, Co-Chair; Benton, Vice Co-Chair; Mullet, Vice Co-Chair; Fain, Hatfield and Roach.

Minority Report: That it be referred without recommendation.

Signed by Senator Nelson.

Staff: Alison Mendiola (786-7483)

Background: Homeless Housing and Assistance Act (Act). The Legislature enacted the Act in 2005, with the goal of reducing homelessness by 50 percent statewide and in each county by 2015. The Department of Commerce (Commerce), with the support of the Interagency Council on Homelessness and the Affordable Housing Advisory Board, is responsible for preparing and publishing a ten-year homeless housing strategic plan with statewide goals and performance measures, and providing biennial progress reports to the Governor and the Legislature. Local areas must also have ten-year plans that are substantially consistent with the state plan.

The \$40 surcharge for local homeless housing and assistance was originally authorized in 2005 as a \$10 surcharge under the Act. Of the \$40 surcharge, the county auditor retains 2 percent; 60 percent goes to the county for homeless housing and assistance, of which 6

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

percent may be used by the county for administrative costs; and the remaining funds are deposited into the Home Security Fund account. Commerce may use 12.5 percent for administrative fees and the remaining 87.5 percent is to be used to provide housing and shelter for homeless people and fund the homeless housing grant program.

The local homeless housing and assistance surcharge applies to certain documents relating to real property specified in statute including deeds, mortgages, community property agreements, leases and other documents related to property ownership, as well as other documents pertaining to real property as determined by Commerce. The surcharge specifically does not apply to assignments or substitutions of previously recorded deeds or trusts, or any documents exempt from a recording fee by state law.

The local homeless housing and assistance document surcharge is currently \$40 per recorded document, but is scheduled to drop to \$30 in 2015, and to \$10 in 2017.

Summary of Bill (Recommended Substitute): The local homeless housing and assistance document surcharge is \$40 per recorded document until June 30, 2020. The surcharge does not apply to assignments or substitutions of previously recorded deeds of trust; documents recording a birth, marriage, divorce, or death; or any documents otherwise exempt under state law.

At least 45 percent of the funds received by Commerce must be used for private rental vouchers. Commerce's reporting requirements under this fee are extended from 2017 to 2020. If Commerce fails to meet its reporting requirements, the Treasurer may not authorize the use of the funds received from this fee.

The bill is effective July 1, 2015.

EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS, HOUSING & INSURANCE COMMITTEE (Recommended Substitute): The \$40 document recording surcharge fee is extended from June 30, 2015, to June 30, 2017. Commerce's reporting requirements of this fee are extended from 2017 to 2020. If Commerce fails to meet its reporting requirements, the Treasurer may not authorize the use of the funds received from this fee. At least 45 percent of the funds deposited into the Home Security Fund must be used for private rental vouchers.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2015.

Staff Summary of Public Testimony on Original Bill: PRO: In the early part of the great recession, there was a shift in the funding of supporting programs for the homeless from the general fund to the document recording fee, as there is a nexus between document filing fees

and the community. The fee has led to a great public-private partnership. A majority of the funds goes to fund vouchers for private rental housing. Other sources of funding are disappearing, including funding for Section 8 housing. This fee provides a vital source of revenue. The Governor's Affordable Housing Advisory Board (AHAB) supports this bill. AHAB had a duty to look at statutory policy. The board unanimously supports this bill due to the strong private-public partnership that is working. Since this fee was created, the fee has been increased and now it is set to go back to \$10 per document next year. We need to make the \$40 fee permanent so communities can plan accordingly. This fee has led to a drop in homelessness so we know it is working. Losing this fee would be a major disruption to local governments. This money has leveraged additional funds, both private and federal. The fee helps support housing for victims of domestic violence, children, the elderly, and youth aging out of the foster care system with no place to turn. No one else has found a better source of funding to support the homeless.

CON: While we support ending homelessness, the funding support of homeless programs should be broader in scope and not rely on real estate transactions. There were early discussions that we would not touch this fee until 2017. How much money is actually going to private rental vouchers? Commerce did not reach out to landlords; they are not doing their part. Data is needed to support their report; no one has seen the data. Landlords and Commerce are like two ships passing in the night. If the program is working, we should support it but we need a lot of answers and data to know whether it is really working.

Persons Testifying: PRO: Senator Darnielle, prime sponsor; Rev. Chris Morton, Associated Ministries; Dan McConnon, Commerce; Faith Pettis, AHAB; Kevin Grossman, Grossman Services, president; Doreen Marchione, councilmember, City of Kirkland; Craig Lyons, Clark County Affordable Housing Consortium; Linda Olsen, WA State Coalition Against Domestic Violence; Mark Putnam, director, Committee to End Homelessness in King County; Liz Mills, Young Women's Christian Association of Seattle, King, & Snohomish; Seth Dawson, YouthCare, WA Assn. for Children and Families, WA State Community Action Partnership; Charles Schrag, Catholic Community Services of Western WA; Theresa Slusher, Homeless Coordinator Project, Thurston County; Connie Brown, executive director, Tacoma Pierce County Affordable Housing Consortium; Byron Cregeur, executive director, Shared Housing Services; Carl Schroeder, Assn. of WA Cities; Mark Putnam, Committee to End Homelessness in King County; Linda Vanderbilt, citizen.

CON: Bob Mitchell, WA REALTORS; John Woodring, Rental Housing Assn.; Terry Kohl, WA Apartment Assn.